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STATISTICAL BULLETIN

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Statistical Reference Index
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Bethesda MD 20814

Highlights

- NEW ORDERS HAVE WEAKENED
- AND INDUSTRIAL CONDITIONS MAY BE SLOWING
- INVENTORY BUILDUP MAY BE UNDER WAY
- LABOR DEMAND IS PICKING UP
- CONSUMER DEMAND GETTING STRONGER
- EXCEPT FOR CARS AND HOMES
- OUTLOOK • 3% GROWTH IN THE SECOND AND THIRD QUARTERS, WITH NO UPTICK IN INFLATION

Volume 20, No. 4, April, 1987

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The Conference Board

OVERVIEW: The dollar plunged, interest rates were hiked, and the stock market tumbled. But the economy still keeps going up. The consensus of the **Economic Forecasts** is that real GNP rose at a seasonally adjusted 3.3% annual rate in the first quarter. Expectations are that economic growth of at least 3% will continue throughout the rest of the year.

The U.S. economy has been, and is expected to continue, growing faster than the other major industrial countries. Growth is expected to slow in the U.K., Canada, West Germany and Japan. It is expected to rise from a very sluggish pace to a more moderate one in France and Italy. Altogether, the industrial countries are expected to grow by 2.4% this year, compared with 3% in 1986.

Slow growth abroad limits opportunities for U.S. exports and prevents improvement in the persistent trade deficit. That, among other factors, tended to set off dollar selling, especially against the yen. Fears of renewed inflation, stemming from dollar depreciation, contributed to the turn around in interest rates. Higher interest rates accompanied a stock market tumble, despite an optimistic economic, and profit, forecast.

DOMESTIC MARKET MONITOR

One signal that this long expansion still contains a fair degree of momentum is that labor market conditions appear to be improving a bit. The unemployment rate dropped to 6.6% in March, after having remained at 6.7% for 3 straight months. That change, however, was more the result of a drop in labor force participation than of faster job growth. Still, the ratio of working adults to all adults was 62.6% in March and February—0.4% rise since the fall months.

The workweek in private industry was as long or longer in February than at any time in the last 2 years. Thus, despite a small decline in the workweek in March, total hours were 5.5% higher, at an annual rate, in the first quarter than in the last quarter of 1986.

Labor demand, after remaining quite flat for much of the last two years, may be picking up. The Conference Board's **Help-wanted Index** stood at 148 (1967=100) in February. While that was not much higher than the reading of last November, early returns to the March survey indicate that this measure of demand for labor may have climbed another two or three points.

INCOME: Hourly wage rates continue to rise modestly. The index for all nonsupervisory workers in private industry was only 0.7% higher in March than 3 months earlier.

A modest rise in hourly pay and a longer workweek have given a lift to wage income growth. Wages in commodity-producing industry, after remaining flat for most of last year, were 1.1% higher in February than 3 months earlier. Wages in other industry were 1.8% higher—a slightly faster rise than in late 1986.

Nonwage income growth is also relatively robust. Though it slowed a bit, shopkeepers' income was still 1.8% higher in February than 3 months earlier. Dividend growth quickened to a 1.7% pace. The decline in interest income slowed and saving rates are no longer falling. The drop in rental income has also slowed.

Consumer indebtedness is declining, as borrowing remains quite flat. The net rise in installment debt was 3.7% (annual rate) in February, after 2 months of almost no change. Flat borrowing and rising income have lowered the ratio of **Consumer Installment Debt Expansion to Personal Income.**

Consumer attitudes, after waning in the second half of 1986, have turned more positive. The Conference Board's **Consumer Confidence Index** rose to 98.1 (1985=100) in March, or back to the level of mid-1986. A faltering in demand, due in part to less optimism among households, is therefore much less of a possibility.

SPENDING: Growth in retail sales remains fairly moderate. Sales, except autos, were 2.2% higher in February than 3 months earlier. Durable sales, except autos, were 2.8% higher. Nondurable sales were 2.1% higher.

The recovery in car sales in February and March was limited. New domestic **Automobile Sales** were at a seasonally adjusted 7.2 million annual rate in February, but then rose to 7.6 million in March. That's a slower pace than in late summer—or before the big promotion campaigns were renewed. And new promotions are now under way. Foreign car sales rose to 2.8 million in March, still below the 3-to-4 million monthly rate of 1986.

CONSTRUCTION: Single-family home sales were no higher in February than last July. But with an optimistic construction schedule, the inventory of unsold homes has slowly risen. At the same time, mortgage rates are no longer declining. Single-family starts, however, remain strong.

Ken Goldstein, Editor

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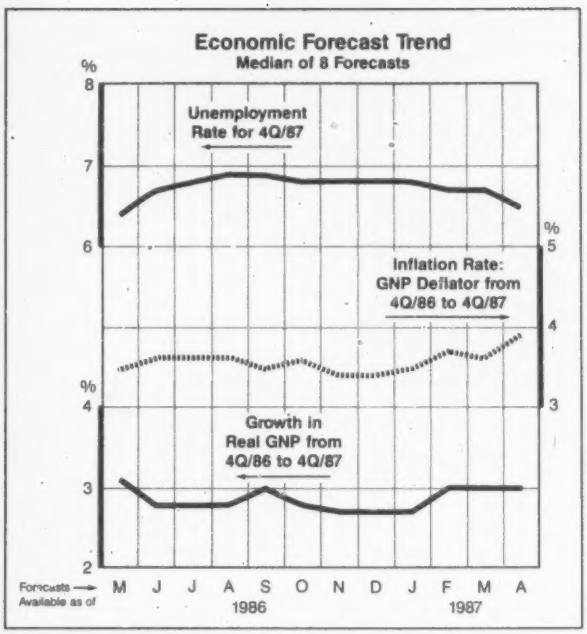
845 Third Avenue
New York, New York 10022

The Conference Board, Inc.
Avenue Louise, 207-Bte 5
B-1050 Brussels, Belgium

The Conference Board, Inc.
1755 Massachusetts Avenue, N.W.
Suite 312
Washington, D.C. 20036

The Conference Board of Canada
255 Smyth Road, Suite 100
Ottawa, Ontario, K1H-8M7



Nonresidential construction, which was weak in 1986, did not improve in early 1987. The value of new office, commercial and industrial building was still declining in February. Public spending on buildings was up slightly, but spending on roads and infrastructure has shot up in recent months.

PRODUCTION: The strong rise in industrial production which began in October, continued in February. But given a workweek decline and meager job gains in March, output probably fell that month. Raw material output through February was moderate, but the rise in semi-finished production slowed. Production of finished consumer goods remained strong, while business equipment remained weak. And the rise in defense- and space-related output slowed.

While hiring remained sluggish, recent increases in production have been accomplished by having employees work more hours and bring more plant and equipment into production. The overall capacity utilization rate was about 80% in February, compared with 70% in October.

Industrial conditions may be slowing due to a lack of new orders. Durable-goods orders only partially recovered in February from a sizable decline in January. To be sure, defense orders were 9.2% lower in February than in December. But orders, except defense, were 3.4% lower. The drop in orders over the last 2 months was more pronounced for intermediate goods than for finished products.

INVENTORY: The rise in inventory over the last year matched the increase in industrial sales. The total Inventory-to-Sales ratio, then, has remained almost unchanged. This raises a concern, however, that if consumer demand or business investment begin to rise more sharply, inventories could be too lean. Inventory building, then, could play a role in the second quarter.

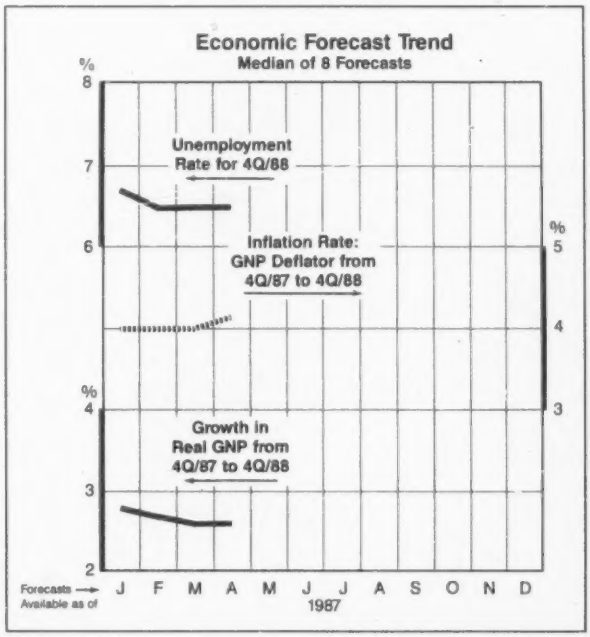
In January, nondurable inventories fell at the retail level but were 1.6% higher at the manufacturing level than 3 months earlier. That may be a sign that some nondurable restocking is already under way. Durable inventory, except cars at the retail level, was 0.5% higher in January. Car inventory is mounting and has already spurred some promotional campaigns. It could also lead to production cuts.

INFLATION: The 5-month recovery in commodity prices ended in January. Prices declined in February and remained unchanged in March. Raw industrial prices fell 2.2% in February and 0.5% in March. Lower industrial prices and declines in new orders typically signal soft demand for industrial output.

INTERNATIONAL MONITOR

The trade-weighted average **Exchange Rate** of the dollar against other major currencies fell almost 1% in March, and was 6.3% lower than only 3 months earlier. Moreover, the dollar fell heavily in April against the the yen. The dollar decline is raising concern about higher inflation. Nevertheless, the consensus of the **Economic Forecasts** is that the overall CPI will be rising at about a 4.5% annual rate in the fourth quarter of 1987, compared with almost 5% in the first quarter.

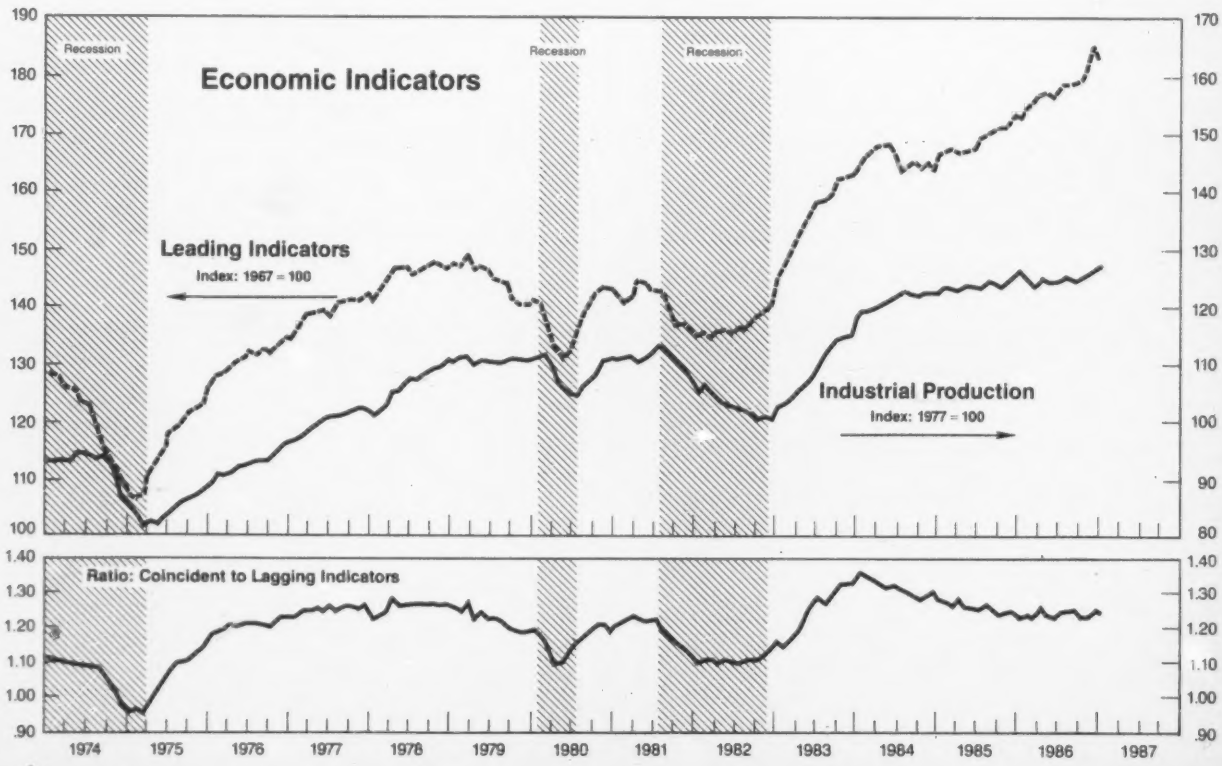
Ken Goldstein
April 13, 1987



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Feb.	X			2.5%	6.9%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Feb.			X	- 6.3%	- 9.7%
New orders, nondefense capital goods (deflated)	Feb.			X	- 6.1%	- 7.6%
*New business formation	Feb.	X			5.0%	3.1%
*Housing permits	Feb.	X			9.3%	- 2.5%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Feb.	X			7.8%	5.9%
*Change in inventory, on hand & order (deflated)	Jan.	X			19.8%	- 6.1%
Purchasing agents' buying policy	Mar.		X		- 1.0%	5.0%
*Vendor performance, reported slower deliveries	Mar.		X		- 1.0%	5.0%
Industrial raw materials prices	Mar.		X		- 0.5%	10.4%
*Change in sensitive material prices	Feb.			X	- 0.9%	0.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Feb.		X		0.4%	6.9%
Change in business loans	Feb.			X	-50.5%	23.7%
*Change in credit outstanding	Jan.		X		- 0.2%	- 3.9%
Change in consumer installment debt	Feb.	X			11.9%	-39.2%
Profitability						
Total corporate profits, after tax (deflated)	Mar.	X			5.1%	- 0.5%
*Common stock prices	Mar.	X			17.6%	25.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	Mar.		X		0.1hr	0.2hr
*Initial unemployment claims (inverted)	Feb.	X			- 5.6%	6.0%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators,* (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



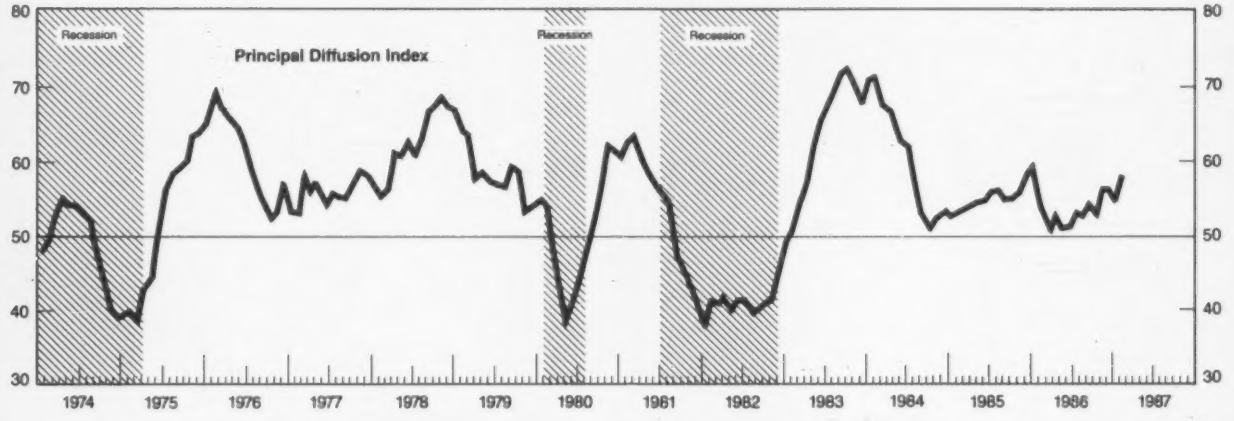
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986 Feb.	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.(e)
Principal Diffusion Index	54.0	56.6	56.3r	55.0	58.1
Auxiliary Diffusion Index	36.4	59.3	48.9	45.9	60.1
Industrial Group	53.5	59.7r	56.7r	51.7r	57.3
Nonindustrial Group	54.6	53.6	55.9	58.3r	59.0
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	64.5	73.1	67.9r	62.8r	68.8
Labor	50.9	58.3	55.1r	50.9r	54.6
Miscellaneous	43.6	42.9r	43.6r	37.2r	46.8
Nonindustrial Subgroups					
Prices	54.5	66.7	71.8	76.9	73.7
Consumer	63.2	64.1	64.1	59.4r	65.4
Building	50.3	35.9	37.8	39.7r	41.7
Miscellaneous	48.7	46.2	49.1	57.3r	54.3

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984 Feb.	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May	1985 Aug.	1985 Nov.	1986 Feb.	1986 May	1986 Nov.
	Score (scale 0-100)										
Measure of Business Confidence	70	65	61	57	61	52	51	55	61	61	50
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	76	75	70	57	62	48	45	53	63	61	44
2. Expectations for Economy, Six Months Ahead	67	60	57	57	61	53	53	56	62	62	52
3. Expectations for Own Industry, Six Months Ahead	67	61	57	58	61	55	54	56	59	60	54

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

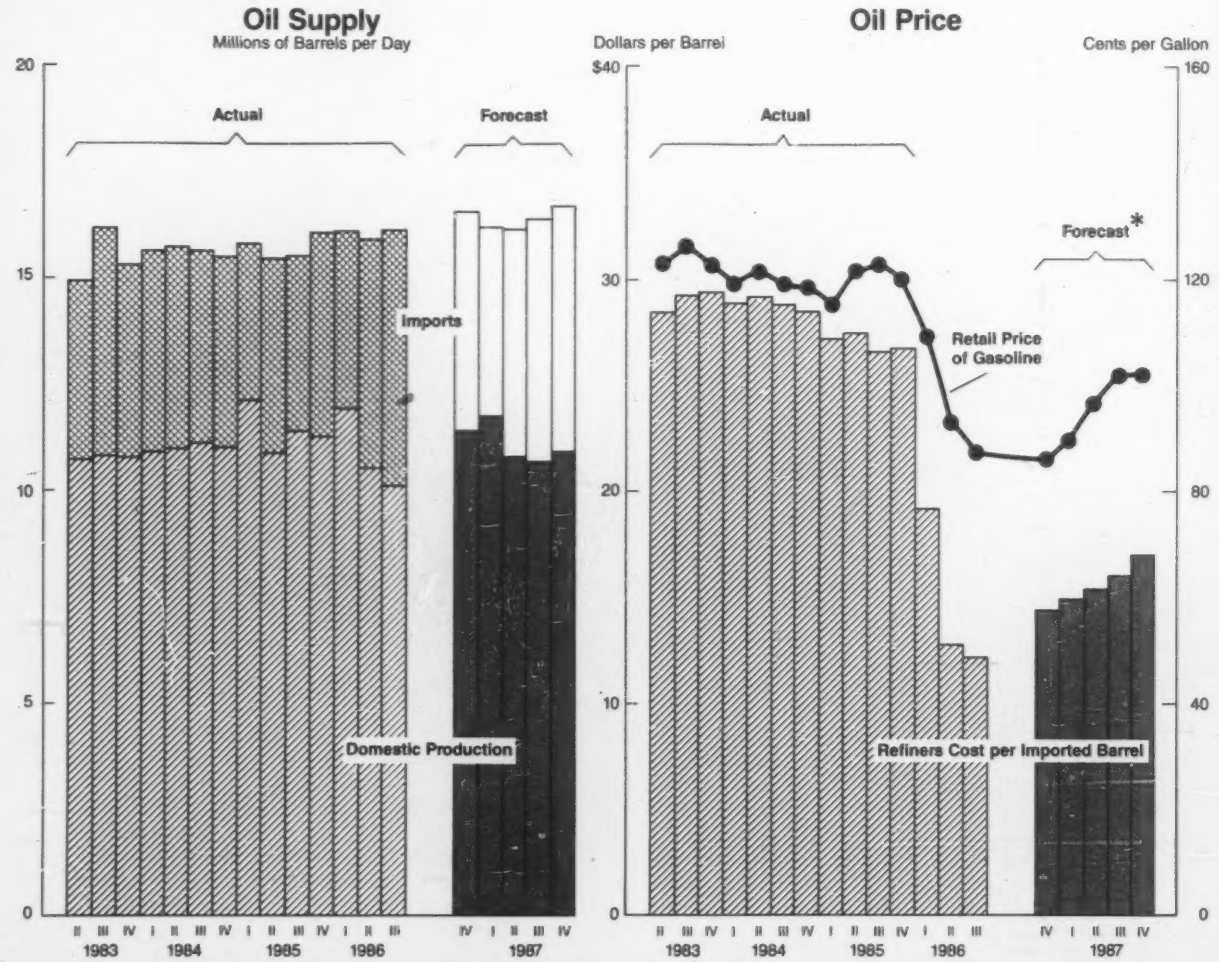
Billions of Dollars, Seasonally Adjusted

	1985			1986				Percent Change From Previous Year	
	II	III	IV	I	IIr	IIIr	IVp	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	27.560	24.167	27.190	23.386	19.991	20.203	22.692	–18	20
Capital expenditures	24.911	24.730	26.336	23.566	24.309	22.452	23.390	– 6	10
Change in appropriations backlog*	+0.529	–2.702	–2.594	–2.368	–6.447	–5.060	–10.935		
Durable Goods									
New appropriations	10.910	12.031	12.005	11.613	9.578	10.051	11.722	–16	15.6
Capital expenditures	12.814	12.299	12.676	11.479	11.880	12.186	13.107	– 1	7
Change in appropriations backlog*	+2.515	–1.094	–3.063	–1.582	–3.824	–3.986	– 3.580		
Nondurable Goods									
New appropriations	16.650	12.136	15.185	11.773	10.413	10.152	10.970	–20	22
Capital expenditures	12.097	12.431	13.660	12.087	12.429	10.266	10.283	–11	11
Change in appropriations backlog*	+3.044	–1.608	+0.469	–0.786	–2.623	–1.074	– 7.355		
ELECTRIC & GAS UTILITIES									
New appropriations	15.139r	5.093r	8.692r	9.084	5.094	5.044	+ 3		
Capital expenditures	9.366r	9.078r	8.417r	7.425	8.115	7.839	–2.0		
Change in appropriations backlog*	+4.662r	–4.984r	–0.261r	+1.773	–7.325	–0.028			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

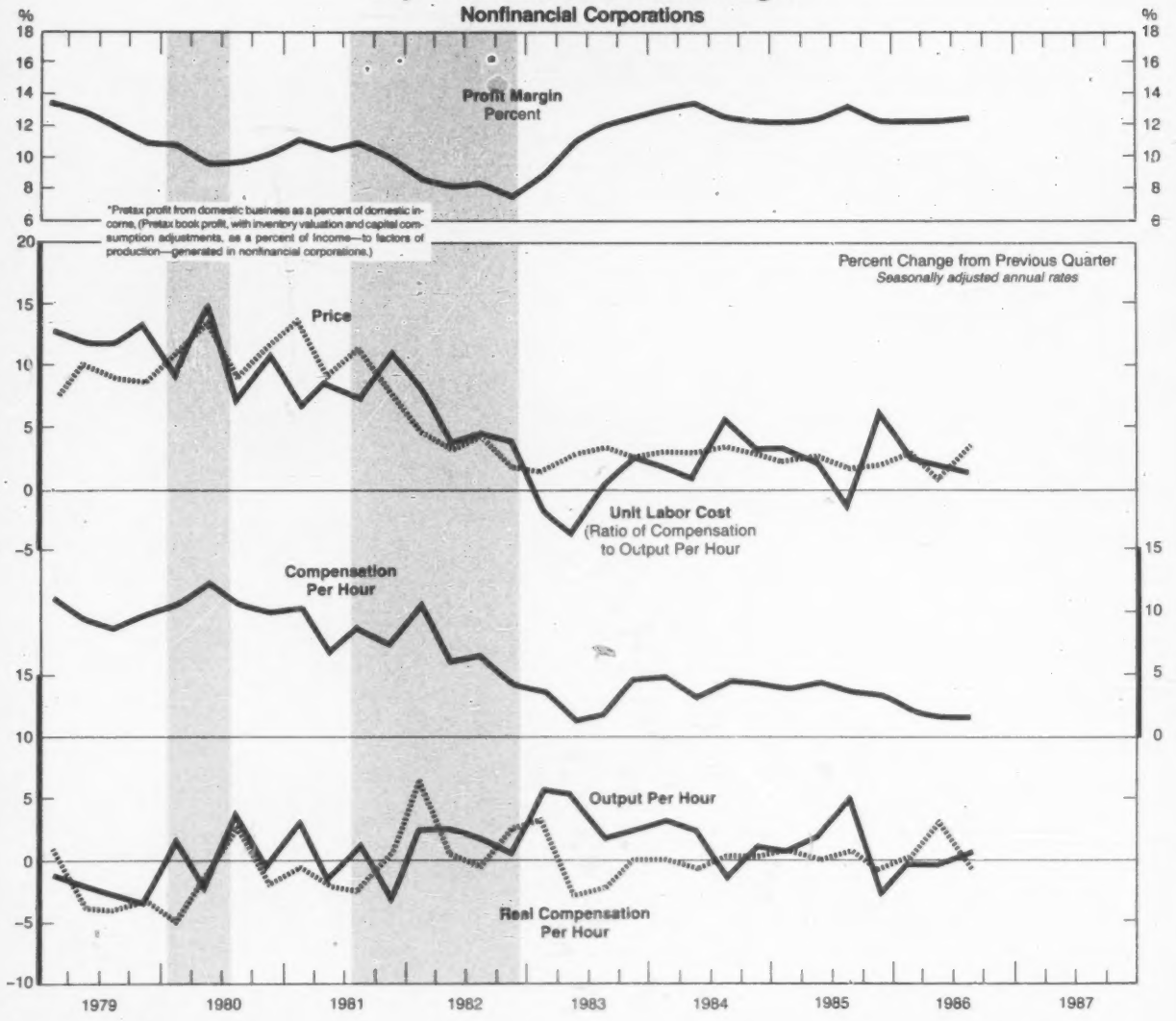
r—revised p—preliminary

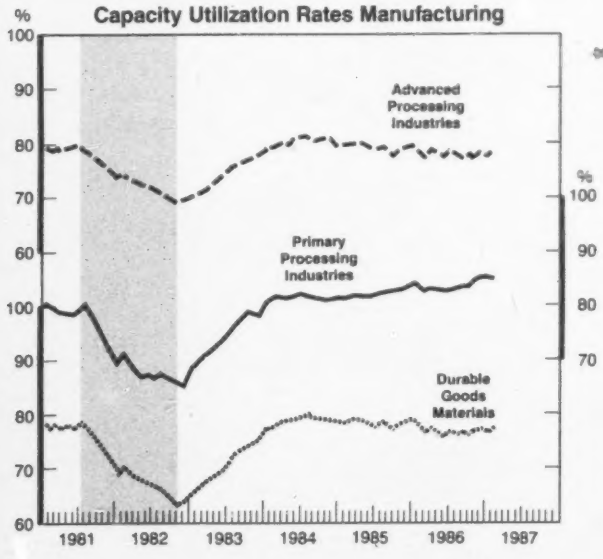
* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).



* Source of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Mar., 1987*		*Mar., 1987*		*Mar., 1987*		*Mar., 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1986**	**IV**	**$4258.7**	**1.7%**	**$4258.7**	**1.7%**	**$4258.7**	**1.7%**	**$4258.7**	**1.7%**
	1987	I	4338.9	7.7	4332.4	7.1	4342.0	7.9	4336.0	7.5
		II	4413.6	7.1	4386.9	5.1	4428.8	8.2	4410.0	7.0
		III	4498.3	7.9	4461.5	7.0	4525.3	9.0	4475.0	6.0
		IV	4579.9	7.5	4542.3	7.4	4624.1	9.0	4549.0	6.8
	1988	I	4670.0	8.1	4630.3	8.0	4700.1	6.7	4628.0	7.1
		II	4742.8	6.4	4715.0	7.5	4779.7	6.9	4709.0	7.2
		III	4811.3	5.9	4803.2	7.7	4848.8	5.9	4784.0	6.5
		IV	4882.6	6.1	4894.1	7.8	4918.4	5.9	4857.0	6.2
	1989	I	4964.2	6.9			4988.3	5.8		
	1987	Annual	4457.7	6.0	4430.8	5.3	4480.1	6.5	4442.5	5.6
	1988	Annual	4776.7	7.2	4760.7	7.4	4811.8	7.4	4744.5	6.8
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1986**	**IV**	**$3696.1**	**1.1%**	**$3696.1**	**1.1%**	**$3696.1**	**1.1%**	**$3696.1**	**1.1%**
	1987	I	3733.3	4.1	3720.6	2.7	3727.0	3.1	3725.0	3.2
		II	3772.1	4.2	3736.3	1.7	3766.0	4.3	3753.0	3.0
		III	3813.7	4.5	3760.9	2.7	3806.0	4.3	3770.0	1.8
		IV	3854.7	4.4	3789.7	3.1	3847.0	4.4	3791.0	2.2
	1988	I	3894.8	4.2	3816.0	2.8	3878.0	3.3	3815.0	2.6
		II	3917.7	2.4	3840.8	2.6	3905.0	2.8	3841.0	2.8
		III	3934.4	1.7	3866.7	2.7	3923.0	1.9	3861.0	2.1
		IV	3957.4	2.4	3894.4	2.9	3941.0	1.8	3876.0	1.6
	1989	I	3982.1	2.5			3959.0	1.8		
	1987	Annual	3793.5	3.2	3751.9	2.1	3786.5	3.0	3759.8	2.3
	1988	Annual	3926.1	3.5	3854.5	2.7	3911.8	3.3	3848.3	2.4
Gross National Product deflator Index, 1982 = 100										
Actual	**1986**	**IV**	**115.2**	**.6%**	**115.2**	**.6%**	**115.2**	**.6%**	**115.2**	**.6%**
	1987	I	116.2	3.5	116.4	4.3	116.5	4.6	116.4	4.2
		II	117.0	2.7	117.4	3.4	117.6	3.8	117.5	3.8
		III	118.0	3.3	118.6	4.2	118.9	4.5	118.7	4.1
		IV	118.8	3.0	119.9	4.2	120.2	4.4	120.0	4.4
	1988	I	119.9	3.7	121.3	5.0	121.2	3.4	121.3	4.5
		II	121.1	3.9	122.8	4.8	122.4	4.0	122.6	4.3
		III	122.3	4.1	124.2	4.8	123.6	4.0	123.9	4.3
		IV	123.4	3.6	125.7	4.8	124.8	3.9	125.3	4.6
	1989	I	124.7	4.2			126.0	3.9		
	1987	Annual	117.5	2.7	118.1	3.2	118.3	3.4	118.2	3.2
	1988	Annual	121.7	3.5	123.5	4.6	123.0	4.0	123.3	4.3
Unemployment Rate										
Actual	**1986**	**IV**		**6.8%**		**6.8%**		**6.8%**		**6.8%**
	1987	I		6.7		6.7		6.7		6.7
		II		6.6		6.8		6.6		6.6
		III		6.5		6.8		6.6		6.6
		IV		6.3		6.8		6.5		6.6
	1988	I		6.1		6.7		6.6		6.5
		II		5.9		6.7		6.7		6.4
		III		5.9		6.7		6.8		6.4
		IV		5.9		6.6		6.9		6.4
	1989	I		5.9				7.0		
	1987	Annual		6.5		6.8		6.6		6.6
	1988	Annual		5.9		6.7		6.8		6.4

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised fourth quarter data.

ECONOMIC FORECASTS (continued)

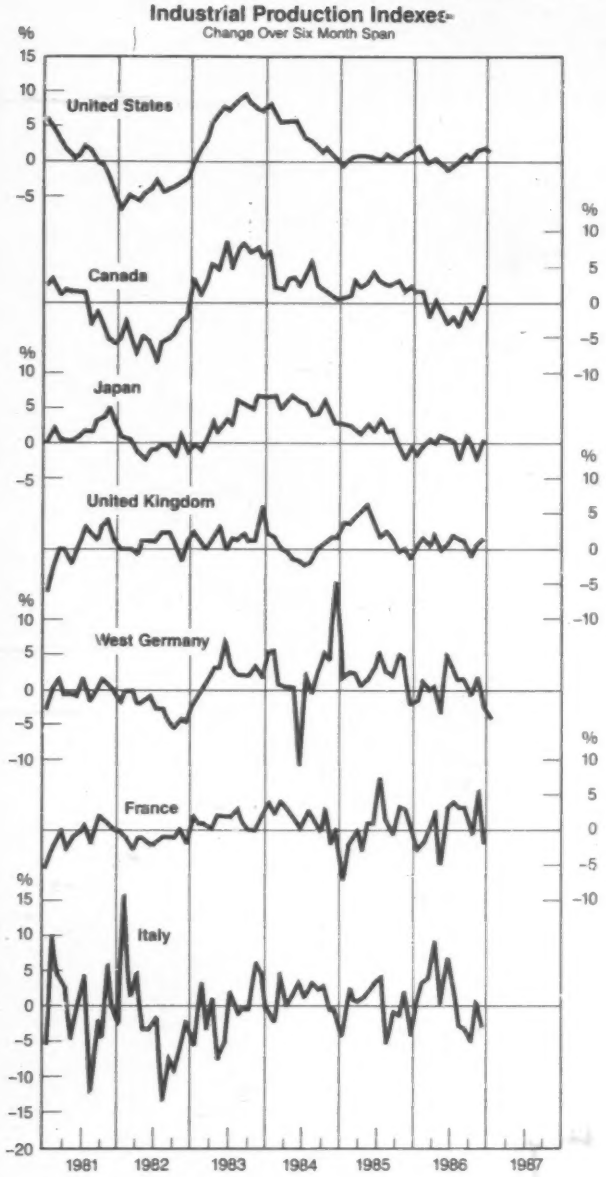
The Conference Board[2]		Chase Econometric[2] Associates, Inc.		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]				
Mar., 1987		Mar., 1987		Mar., 1987		Mar., 1987		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4258.7	**1.7%**	**$4258.7**	**1.7%**	**$4258.7**	**1.7%**	**$4258.7**	**1.7%**	**IV**	**1986**	**Actual**
$4327.0	6.6	4338.3	7.7	4335.7	7.4	4343.5	8.2	I	1987	
4400.0	6.9	4389.2	4.8	4399.6	6.0	4412.3	6.5	II		
4476.0	7.1	4448.7	5.5	4475.3	7.1	4493.9	7.6	III		
4551.0	6.9	4512.6	5.9	4547.6	6.6	4580.4	7.9	IV		
4619.0	6.1	4580.9	6.2	4629.1	7.4	4674.3	8.5	I	1988	
4686.0	5.9	4653.9	6.5	4694.4	5.8	4764.2	7.9	II		
4767.0	7.1	4729.4	6.6	4756.4	5.4	4853.9	7.7	III		
4845.0	6.7	4812.3	7.2	4822.4	5.7	4942.6	7.5	IV		
		4895.6	7.1	4900.0	6.6	5034.9	7.7	I	1989	
4438.5	5.5	4422.2	5.1	4439.6	5.6	4457.5	6.0	Annual	1987	
4729.3	6.6	4694.1	6.1	4725.6	6.4	4808.8	7.9	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
$3696.1	**1.1%**	**$3696.1**	**1.1%**	**$3696.1**	**1.1%**	**$3696.1**	**1.1%**	**IV**	**1986**	**Actual**
3727.0	3.4	3725.6	3.2	3730.4	3.8	3727.1	3.4	I	1987	
3757.5	3.3	3742.0	1.8	3759.2	3.1	3750.8	2.6	II		
3783.6	2.8	3760.3	2.0	3793.6	3.7	3780.7	3.2	III		
3805.2	2.3	3785.5	2.7	3827.7	3.6	3813.9	3.6	IV		
3823.7	2.0	3811.7	2.8	3862.1	3.6	3850.2	3.9	I	1988	
3841.0	1.8	3836.0	2.6	3881.0	2.0	3881.8	3.3	II		
3863.0	2.3	3864.3	3.0	3894.9	1.4	3909.8	2.9	III		
3882.0	2.0	3895.8	3.3	3916.3	2.2	3934.8	2.6	IV		
		3920.0	2.5	3940.7	2.5	3959.1	2.5	I	1989	
3768.3	2.5	3753.4	2.1	3777.7	2.8	3768.1	2.5	Annual	1987	
3852.4	2.2	3852.0	2.6	3888.6	2.9	3894.2	3.3	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
115.2	**.6%**	**115.2**	**.4%**	**115.2**	**.5%**	**115.2**	**.6%**	**IV**	**1986**	**Actual**
116.1	3.1	116.4	4.3	116.2	3.5	116.5	4.7	I	1987	
117.1	3.5	117.3	3.0	117.0	2.8	117.6	3.8	II		
118.3	4.2	118.3	3.5	118.0	3.2	118.9	4.2	III		
119.6	4.5	119.2	3.1	118.8	2.9	120.1	4.2	IV		
120.8	4.1	120.2	3.3	119.9	3.6	121.4	4.4	I	1988	
122.0	4.0	121.3	3.9	121.0	3.7	122.7	4.4	II		
123.4	4.7	122.4	3.8	122.1	3.9	124.1	4.7	III		
124.8	4.6	123.5	3.8	123.1	3.4	125.6	4.8	IV		
		124.9	4.5	124.3	4.0	127.2	5.1	I	1989	
117.8	2.9	117.8	2.9	117.5	2.7	118.3	3.4	Annual	1987	
122.8	4.2	121.9	3.4	121.5	3.4	123.5	4.4	Annual	1988	
								Unemployment Rate		
	6.8%		**6.8%**		**6.8%**		**6.8%**	**IV**	**1986**	**Actual**
	6.6		6.7		6.7		6.7	I	1987	
	6.4		6.7		6.7		6.7	II		
	6.4		6.6		6.6		6.6	III		
	6.5		6.6		6.4		6.5	IV		
	6.7		6.6		6.3		6.4	I	1988	
	6.8		6.6		6.2		6.3	IV		
	6.8		6.6		6.2		6.3	III		
	6.9		6.6		6.2		6.3	IV		
			6.6		6.3		6.3	I	1989	
	6.5		6.7		6.6		6.6	Annual	1987	
	6.8		6.6		6.3		6.3	Annual	1988	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

Selected International Comparisons

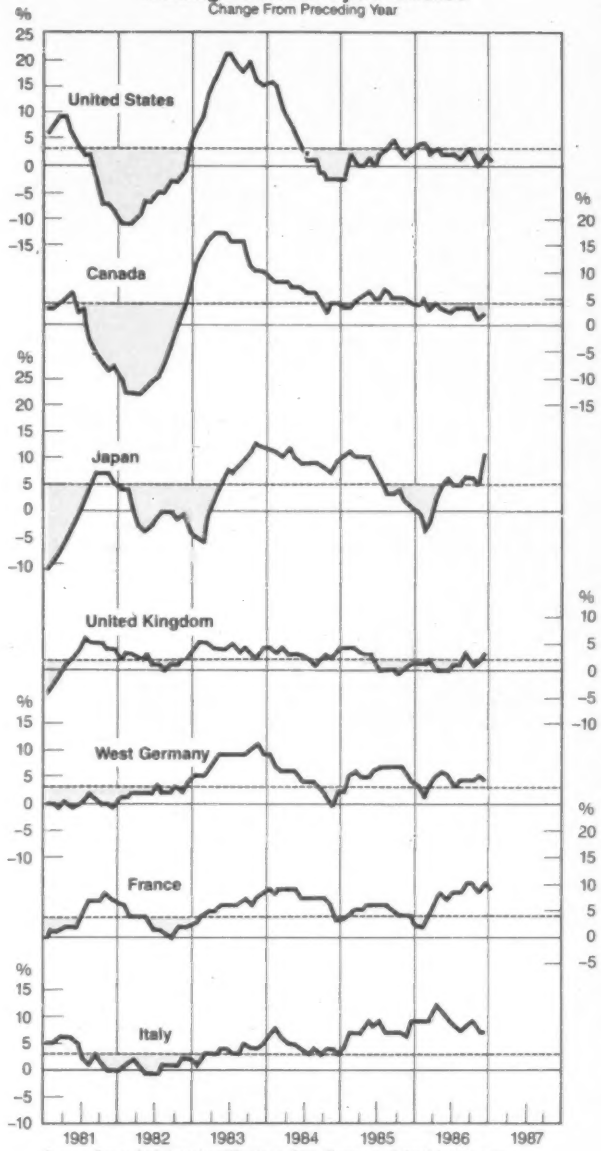
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

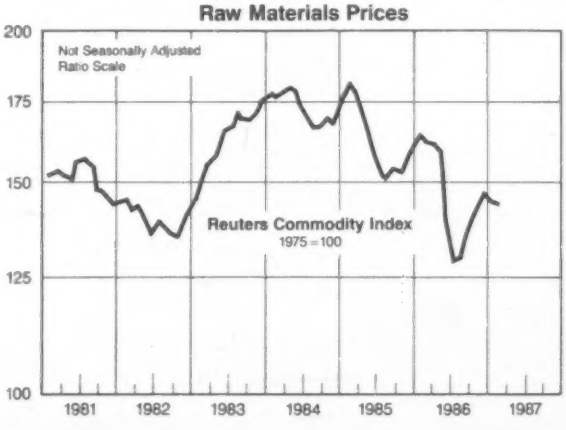
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

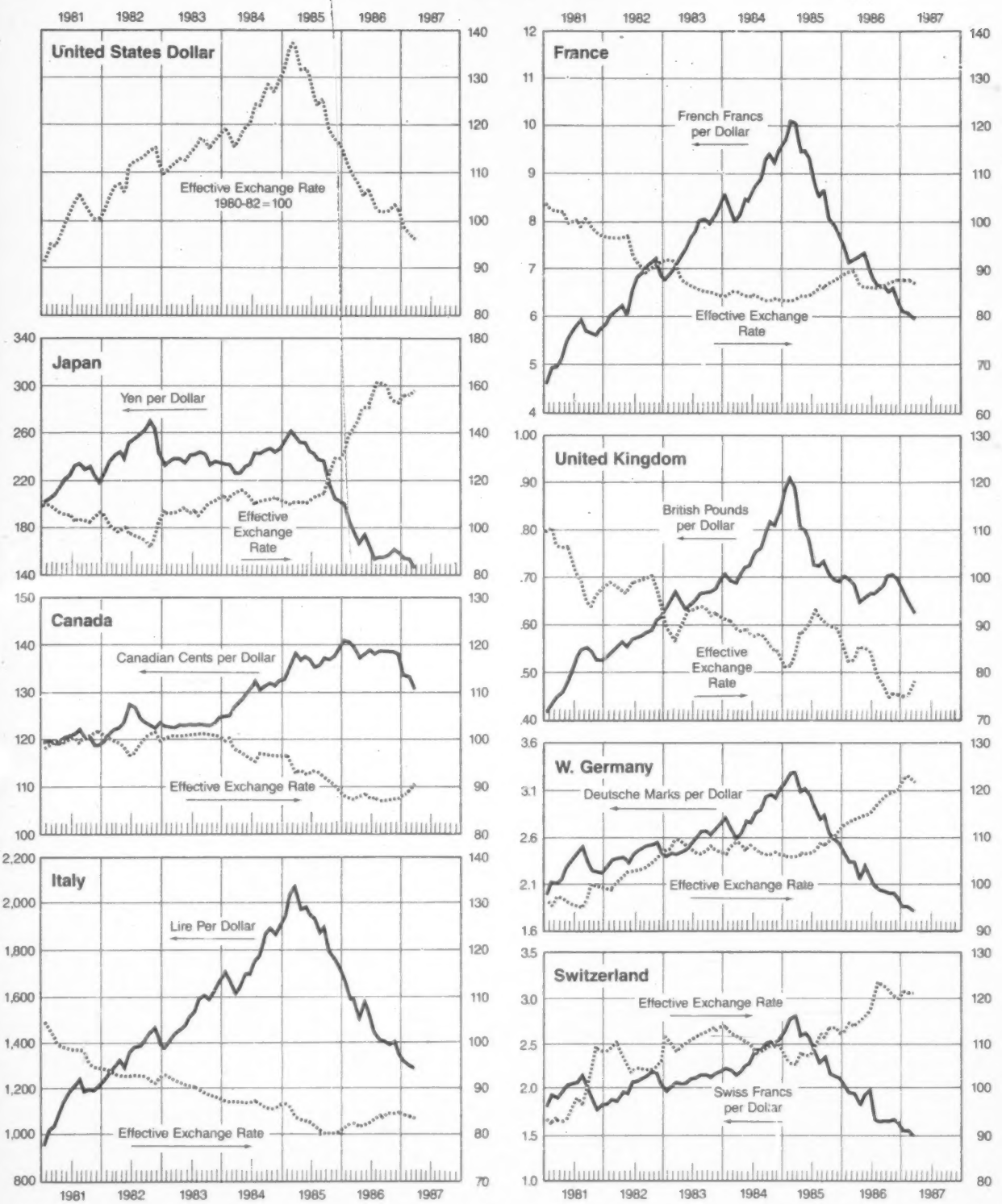
Merchandise Trade: Value of Exports

Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82=100



Note.: Nominal Effective Exchange Rates: index numbers 1980-82=100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

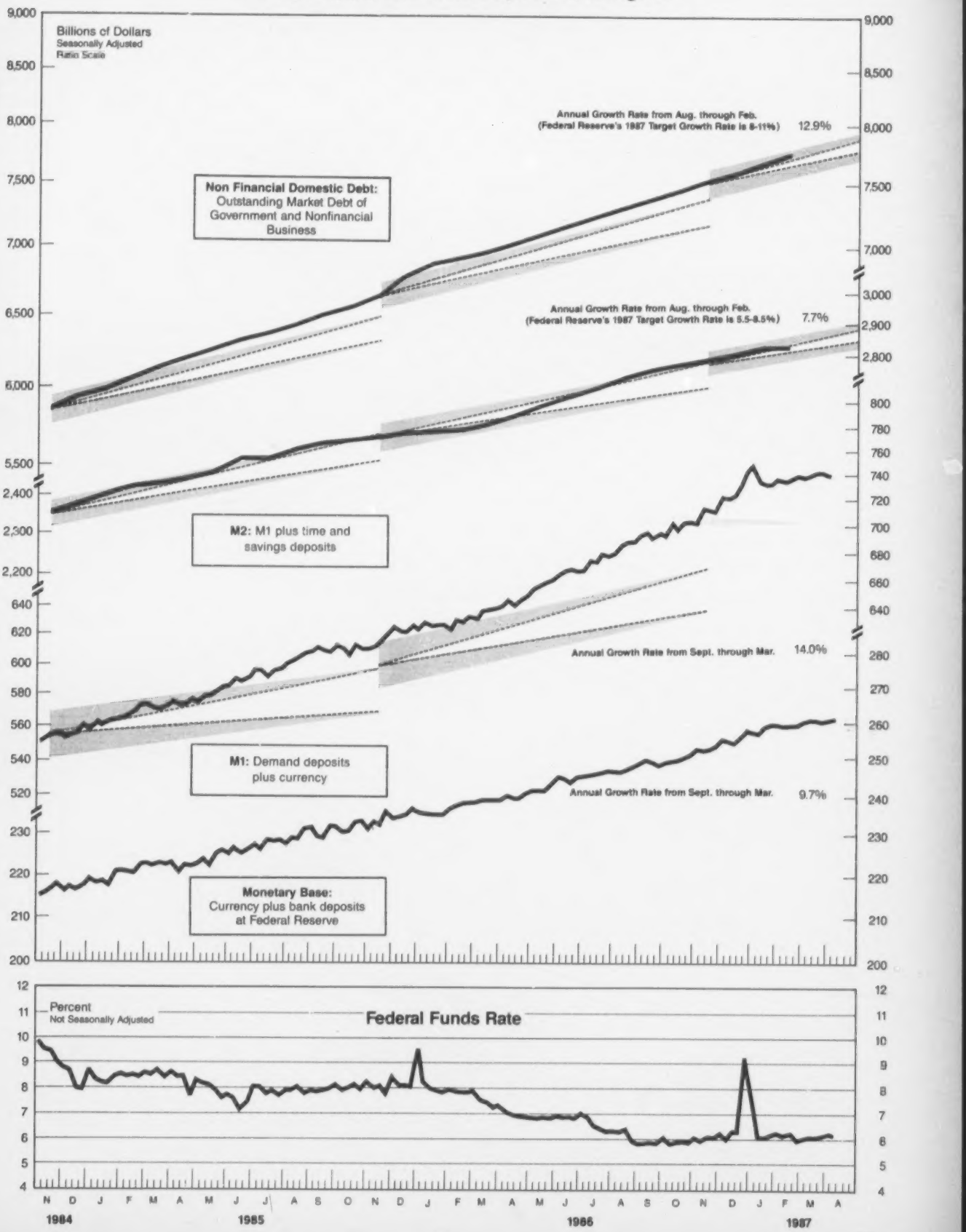
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987		Fiscal 1988
	Actual	Administration's Latest Estimate	Congress's Latest Estimte	Congress's Latest Estimate
		(1/5/87)	(2/19/87)	(2/19/87)
Receipts	**$769.1**	**$842.4**	**$834.2**	**$ 905.4**
Outlays	**989.8**	**1,015.6**	**1,010.4**	**1,039.8**
Deficit	**-220.7**	**-173.2**	**176.2**	**-134.4**
Receipts by source	**$769.1**	**$842.4**	**$834.2**	**$ 905.4**
Individual income	349.0	364.0	361.3	381.4
Social security	283.9	301.5	300.8	331.8
Corporate income	63.1	104.8	100.6	119.3
Other receipts	73.1	72.1	71.5	73.0
Outlays by function	**$989.8**	**$1,015.6**	**$1,010.2**	**$1,039.8**
National defense	273.4	282.2		298.3
Social security	269.0	279.5		298.8
Income security	119.8	124.9		127.2
Health	35.9	39.7		40.8
Education & manpower	29.7	29.8		28.5
Veterans benefits	26.4	26.7		26.7
Transportation	28.1	27.0		27.0
Agriculture	31.4	31.1		24.9
International affairs	14.2	14.6		16.6
Natural resources	13.6	13.9		14.1
General science	[illegible]	9.5		11.2
Justice	6.6	8.3		9.2
General government	6.1	6.8		7.7
Community development	7.5	6.2		5.2
Commerce, Housing credit	4.4	9.3		4.3
Energy	4.7	3.8		3.3
Revenue sharing	6.4	1.9		1.5
Interest	136.0	137.5		139.0
Allowances	0.0	0.0		- 1.2
Offsetting receipts	- 33.0	- 37.1		- 43.5

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP			
Current Dollar	**$4,218.0**	**$4,493.0**	**$4,816.0**
Constant (1982) Dollar	**3,681.0**	**3,794.0**	**3,928.0**
Percent change in			
Current dollar	5.5%	6.5%	7.2%
Constant (1982) dollar	2.7	3.1	3.5
Implicit price index	2.8	3.3	3.5
Consumer price index	1.6	3.0	3.6
91-Day T bill rate	6.0	5.4	5.6
Unemployment rate	6.9	6.7	6.3

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from Aug. through Feb.
(Federal Reserve's 1987 Target Growth Rate is 6-11%)
12.9%
Non Financial Domestic Debt:
Outstanding Market Debt of
Government and Nonfinancial
Business
Annual Growth Rate from Aug. through Feb.
(Federal Reserve's 1987 Target Growth Rate is 5.5-8.5%)
7.7%
M2: M1 plus time and
savings deposits
Annual Growth Rate from Sept. through Mar.
14.0%
M1: Demand deposits
plus currency
Annual Growth Rate from Sept. through Mar.
9.7%
Monetary Base:
Currency plus bank deposits
at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A
1984
1985
1986
1987

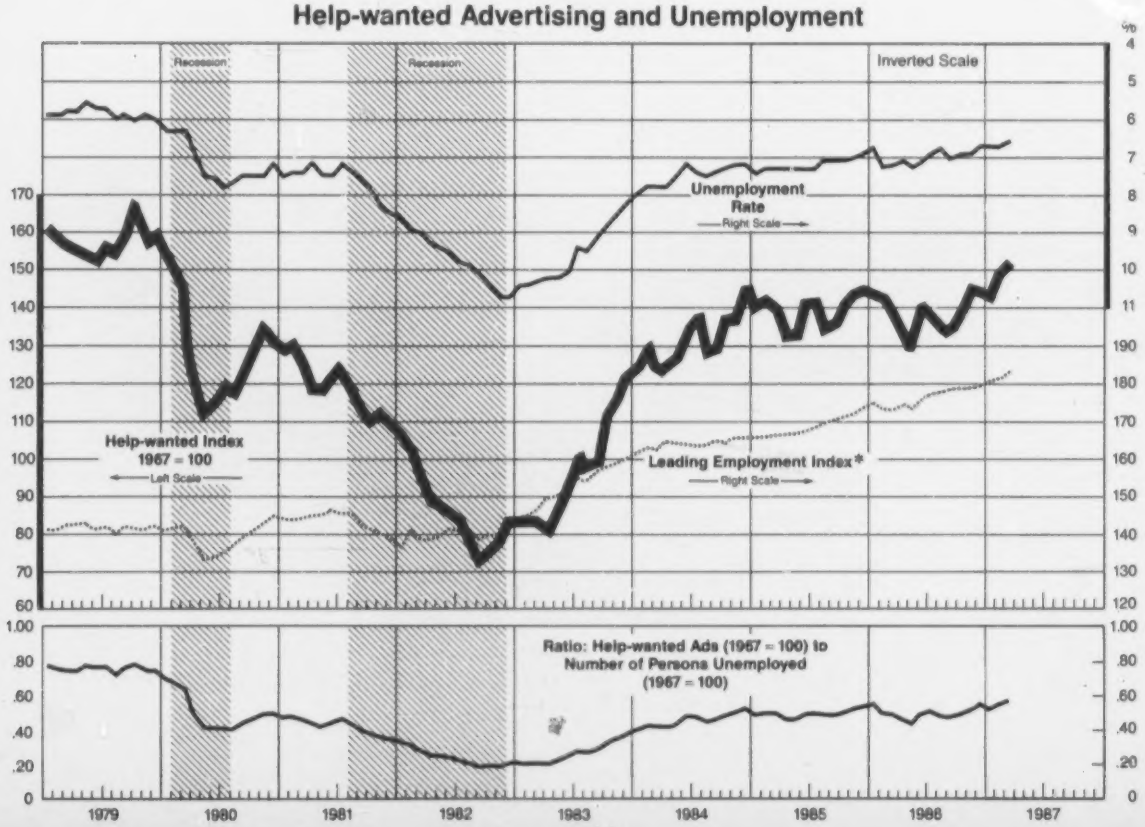
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1987 Feb.	1987 Jan.	1986 Dec.	1986 Feb.
National Index	148	142	144	142
New England	177	165	168	157
Boston	180	168	164	169
Hartford	189	170	187	154
Providence	158	150	163	117
Middle Atlantic	84	78	82	74
Albany	199	189	175	169
Allentown	312	279	338	207
New York	N.A.	56	58	58
Philadelphia	73	69	75	62
Pittsburgh	98	92	91	87
Rochester	100	91	94	92
Syracuse	141	136r	140	130
East North Central	101	92	102	92
Chicago	113	98	113	93
Cincinnati	156	148	185	148
Cleveland	64	59	65	63
Columbus	180	174	172	154
Dayton	83	75	79	82
Detroit	60	55	58	73
Gary	153	163	150	117
Indianapolis	112	101	117	93
Milwaukee	69	66	68	60
Toledo	132	126	127	139
West North Central	94	96	98	101
Kansas City	133	152	181	199
Minneapolis	84	81	79	71
Omaha	128	131	116	112
St. Louis	70	67	62	70
South Atlantic	199	201	202	193
Atlanta	268	267	263	294
Baltimore	198	270	254	214
Charlotte	185	188	171	154
Jacksonville	218	214	233	203
Miami	102	96	89	86
Richmond	173	137	147	133
Washington, D.C.	207	179	196	188
East South Central	168	173	152	164
Birmingham	174	176	164	176
Knoxville	262	249	233	202
Louisville	86	93	92	85
Memphis	141	143	120	153
Nashville	238	256	201	236
West South Central	160	159	185	206
Dallas	151	154	173	270
Houston	222	216	218	251
New Orleans	118	112	106	102
Oklahoma City	99	101	106	119
San Antonio	143	146	137	183
Tulsa	114	123	133	137
Mountain	305	288	297	306
Denver	195	194	194	194
Phoenix	437	411	405	455
Salt Lake City	333	296	346	313
Pacific	236	225	217	211
Los Angeles	172	159	148	158
Sacramento	447	465	419	380
San Bernadino	304	291	263	245
San Diego	542	523	531	474
San Francisco	221	210	214	198
Seattle	216	211	205	199
Percentage of papers with rising volume	73	47	45	43
Unemployment rate	6.7	6.7	6.7	7.3

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	105.0	102.0	102.9	103.8	102.0	103.7	98.5	101.6	102.4	101.7	106.1	98.7
1985	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8
1986	97.6	97.3	97.6	95.4	97.9	97.1	95.7	91.1	92.2	89.8	89.8	93.6
1987	86.0	93.2r	98.1p									

Buying Plans Index

1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9	93.1r	96.1p									

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

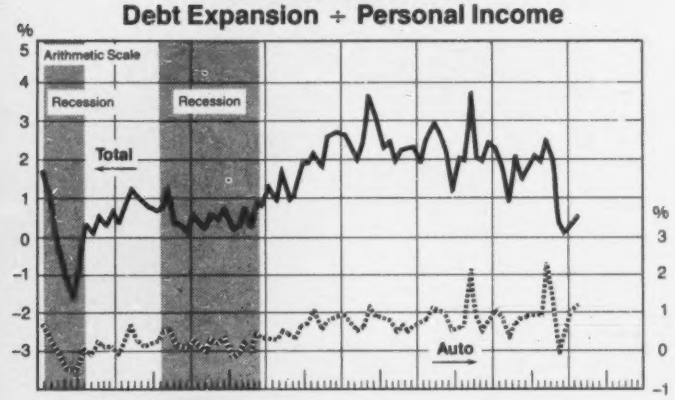
p—preliminary

Consumer Confidence and Expectations

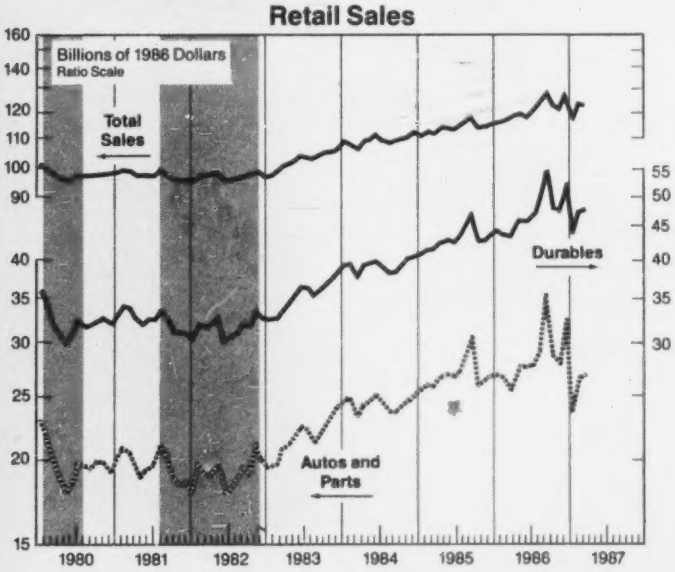
CBDB

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes, in LOTUS and other formats. Contact Linette Waters: 800-US-BOARD; in NYC, (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



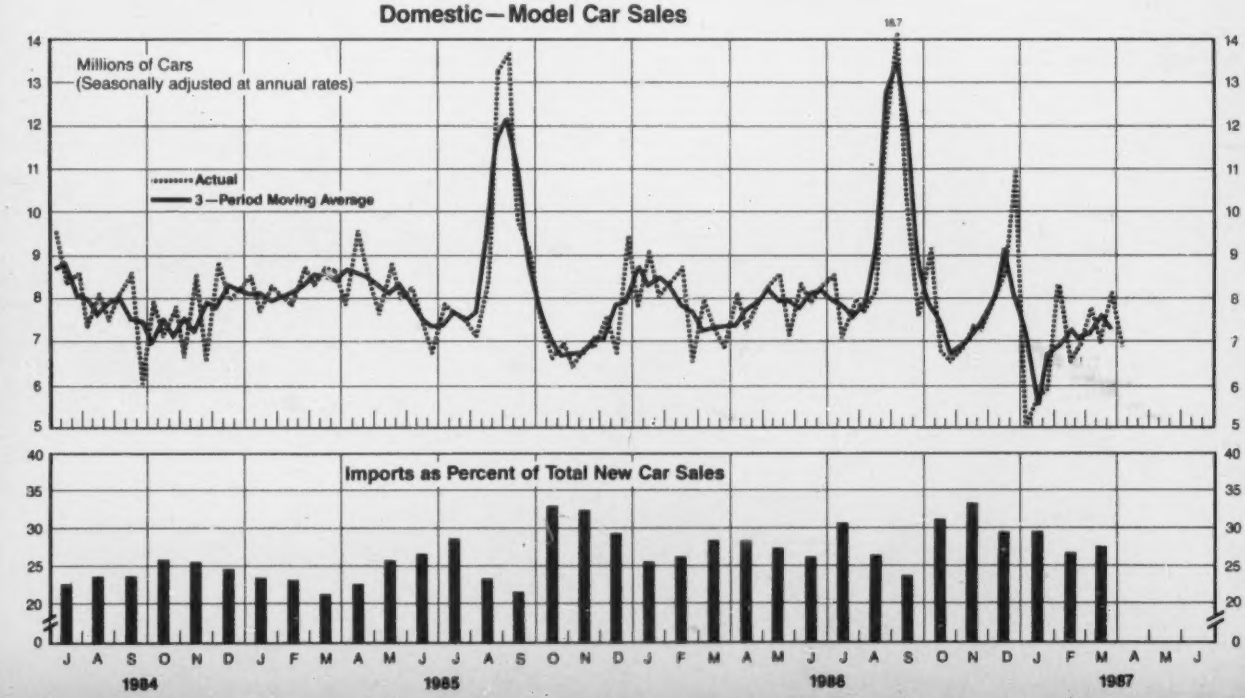
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January:	1-10	8.16	8.46	7.76	4.78
	11-20	7.84	7.66	9.05	5.71
	21-31	9.15	8.23	8.02	5.95
February:	1-10	7.79	8.01	8.36	8.26
	11-20	9.17	7.84	8.71	6.46
	21-28(29)	7.60	8.69	6.47	6.87
March:	1-10	7.35	8.27	7.93	7.76
	11-20	8.13	8.73	7.23	6.95
	21-31	7.35	8.67	6.81	8.13
April:	1-10	8.88	7.84	8.06	6.85
	11-20	7.96	9.48	7.25	
	21-30	8.60	8.42	7.92	
May:	1-10	8.19	7.60	8.30	
	11-20	7.74	8.78	8.57	
	21-31	8.43	7.96	7.09	
June:	1-10	7.22	8.21	8.27	
	11-20	8.25	7.51	7.84	
	21-30	8.10	6.71	8.30	
July:	1-10	9.51	7.81	8.50	
	11-20	8.32	7.63	7.03	
	21-31	8.59	7.57	7.96	
August:	1-10	7.33	7.09	7.64	
	11-20	8.07	8.30	8.19	
	21-31	7.43	13.23	11.65	
September:	1-10	8.13	13.64	18.67	
	11-20	8.52	9.70	9.87	
	21-30	6.03	9.10	7.58	
October:	1-10	7.83	7.40	9.07	
	11-20	7.07	6.57	6.72	
	21-31	7.70	6.92	6.51	
November:	1-10	6.60	6.40	6.80	
	11-20	8.44	6.81	7.32	
	21-30	6.57	6.91	7.23	
December:	1-10	8.75	7.56	7.95	
	11-20	7.96	6.69	8.54	
	21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
18.7
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1984
1985
1986
1987